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C O N F I D E N T I A L SECTION 01 OF 03 AMMAN 001339

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SUBJECT: PARLIAMENT'S EXTRAORDINARY SESSION: A PREVIEW

REF: A. AMMAN 706
[1](#)B. AMMAN 703
[1](#)C. AMMAN 378
[1](#)D. AMMAN 137

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Classified By: Ambassador R. Stephen Beecroft
for reasons 1.4 (b) and (d).

[1](#)1. (C) Summary: King Abdullah called for an extraordinary session of parliament to start on June 11. The extraordinary session will deal with a crowded slate of political and economic measures, including a revised tax law, amendments to the penal code, amendments to the controversial law on associations, changes to the landlords and tenants law, and a new law governing the appointment of university presidents. Several key pieces of legislation dealing with labor and intellectual property protection failed to make the agenda due to intense competition among ministries for spots on the agenda. End Summary.

Parliament Called Into Session

[1](#)2. (SBU) On June 10, King Abdullah issued the long-awaited formal order for an extraordinary session of parliament, which convened on June 11. Unlike ordinary sessions in which the agenda is set largely by the lower house speaker, the agenda for extraordinary sessions is set by the King. MPs are restricted to debating and amending only the bills which appear on the agenda, and are not allowed to introduce new bills. The ability to control the content and course of debate makes extraordinary sessions an attractive tool for Jordanian governments. In recent years, controversial or complicated legislation has been pushed to extraordinary sessions for a quick, up-or-down vote.

Friction Between Government and MPs

[1](#)3. (C) The extraordinary session comes as MPs are voicing their frustration with the Dahabi government and the parliamentary leadership of Lower House Speaker Abdulhadi Al-Majali. A memo sent to Royal Court Chief Nasser Al-Lozi by the business-oriented, moderately pro-reform Ikha bloc on May 13 criticized the government's lack of follow-through on development projects. Pro-government newspaper columnists characterized the tone as confrontational and irresponsible, but failed to address the bloc's arguments. The Muslim Brotherhood-linked Islamic Action Front deputies have also written columns in several media outlets and on the party website which heavily criticize the government's poor performance.

[1](#)4. (SBU) There is also criticism about parliament's seeming inability to move reform forward. A poll released on May 28 found that fifty-six percent of respondents were dissatisfied with the performance of the lower house and over seventy

percent could not name a single parliamentary achievement from the past year. The study prompted an Al-Ghad columnist to say that parliament is "in need of a comprehensive overhaul," adding that the study points to the "massive collapse of the stature and image of the lower house."

15. (SBU) Following the February reshuffle of the Dahabi cabinet, persistent rumors have been circulating about a possible change in Jordan's government by the end of the year. While there is no confirmation that this is the case, the rumors are impacting the way MPs approach legislation in the extraordinary session. Many of our parliamentary contacts are expecting a session in which MPs challenge the government and its waning influence more directly.

The Agenda

16. (C) The start of the session was delayed for several weeks due to behind the scenes negotiations about the agenda. Due to the government's reluctance to introduce bills in the ordinary session (where they are subject to more extensive debate), competition for inclusion of bills in the extraordinary session was intense (Ref B). The agenda includes the following bills:

-- Tax Law: This sweeping reform of Jordan's tax code, developed in coordination with USAID's fiscal reform project, would cut most corporate tax rates in half and establish a uniform rate across industries (Ref B). Personal income tax rates would be brought into line with corporate rates in recognition that most businesses in Jordan are small, family-owned enterprises. The new law would minimize loopholes and exemptions and provide for increased enforcement. MPs are already talking about amending the law

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to provide tax exemptions for the agricultural sector.

-- Penal Code Amendments: After a long consultative process within the Ministry of Justice, over 100 changes to Jordan's penal code along with the correctional and rehabilitation centers law will be introduced. The amendments would end the death penalty for most crimes, along with raising the penalties for rape, indecent assault, electronic surveillance, and providing alcohol to minors. Several loopholes which effectively allow for reduced sentences in honor crimes cases would be closed. The amendments would alter Jordan's juvenile justice system and decrease penalties for those under fifteen. Several administrative changes are part of the amendments, including the creation of a larger prosecutorial unit to handle cases brought by citizens against the government.

-- Associations Law Amendments: These amendments are designed to mute the impact of a 2008 law which increased government control over civil society organizations. Drawn up by the Minister of Social Development in coordination with civil society, the amendments represent a compromise between advocates of civil liberty and security-minded conservatives.

-- Landlords and Tenants Law: This law has been on parliament's agenda for over a year now, but is so divisive that it has been delayed several times (Ref D). The law would change the face of the real estate market in Jordan by re-writing the book on the rights and responsibilities of landlords and tenants, ending rent control, and allowing formal subletting for the first time. Contacts in parliament tell us that they expect many amendments to the law when it arrives on the floor which will aim to prevent a mass displacement of renters.

-- University Law: Earlier this year, several university presidents were unexpectedly rotated by the Minister of Higher Education, prompting one president to resign in

protest and others to protest in the media. The incident caused the Higher Education Council to suggest draft changes which would give boards of trustees greater leverage in suggesting presidential nominees to the Minister of Higher Education, whose role would be merely to approve candidates.

-- Social Security: This bill would increase the age of retirement, require twenty-three years of service before retirement (up from the current fifteen), combine two separate social security mechanisms into one overarching system, and cap outlays at 5,000 JD (USD 7,000) for wealthier Jordanians who benefit disproportionately in the current system. MPs are likely to attach many amendments and prolong debate on the measure in an effort to garner support among retiree voters.

-- Investment Promotion Law: The proposed tax law addresses existing investment incentives and tax breaks and therefore under this provision, the Jordan Investment Board would lose its ability to grant tax breaks and favorable investment incentives.

-- Development Zones Law: This bill would merge oversight of free trade zones and industrial estates under one development zone commission. Bodies that currently fall under the Aqaba Special Economic Zone would be exempt, however.

-- Lower House Bylaws: These changes would streamline the process of debate for bills which have already passed through the committee process. They would also establish several new committees, including an ethics committee. The by-laws have been delayed for over a year now, having been pushed from the agenda several times by issues which took precedence.

-- "Culture Tax" Annulment: This bill would annul a five percent tax on advertising revenue that went to support the arts. The bill was proposed initially by Speaker Majali, who many believe is trying to curry favor with the owners of media outlets.

What Didn't Make It

17. (C) Several key pieces of reform legislation are absent, including amendments to Jordan's labor law which were excluded at the last minute. Amendments to the Jordan Institute of Standards and Metrology (JISM) law, which would give JISM broader authorities for enforcing Intellectual Property Rights (IPR) in line with commitments under the U.S.-Jordan Free Trade Agreement, once again failed to make the government's priority list. Post will follow up on these bills and report septel on their progress.

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Comment

18. (C) It is highly unlikely that any of the above legislation will be rejected outright by parliament. There are indications, however, that MPs will attempt to slow the pace of reform by watering down government-proposed bills with amendments. These amendments will likely seek to soothe the financial impact of change on the primarily tribal, East Bank Jordanians who benefit from the status quo in the tax code, social security law, and rules regarding landlords and tenants. MPs will likely seek to extend adjustment periods and widen exemptions in order to protect established interests. If the government is to keep its generally pro-reform slate of bills on target, it may have to engage more vigorously with a parliament that is increasingly willing to challenge its authority and influence.
Beecroft